

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 OPIC-03 FEAЕ-00 INT-05
L-03 TRSE-00 OMB-01 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 SP-02 /047 R

DRAFTED BY NEA/EGY:CAKENNEDY:SEB
APPROVED BY NEA/EGY:GRBEYER

-----041606Z 068331 /65

P R 041548Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO PRIORITY
INFO AMCONSUL ALEXANDRIA

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E.O. 11652: N/A

TAGS: BDIS EG

SUBJECT: FIRST APPALACHIAN CORPORATION

REF: CAIRO 17252

1. FIRST APPALACHIAN CORP. HAS SENT LETTER TO NEA/EGY
SUMMARIZING VISIT TO EGYPT AND INEFFECTUAL ATTEMPTS TO
RESOLVE DISPUTE. LETTER AND SUBSEQUENT CONVERSATIONS
WITH LEVINE AND BLACK OF FIRST APPALACHIAN REFUTE POINTS
MADE BY FARID IN REFTEL. SPECIFICALLY, BLACK AND COMPANY
CLAIM ALEXANDRIA PORT RECORDS FOR 1975 AND 1976 WILL SHOW
THAT VESSELS OF OVER 620 FEET HAVE BEEN DELIVERING COAL
ALL ALONG, EXCEPT FOR VESSELS FROM BLACK SEA PORTS.
SECONDLY, CHEMICOKE-APPALACHIAN CONTRACT STATES THAT
ANY CHANGES MUST BE AGREED TO IN WRITING. HENCE,
CHEMICOKE "UNILATERALLY" CHANGED LETTER OF CREDIT RE
SHIP SIZE AFTER APPALACHIAN SAID "ORALLY" THAT IT WOULD
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TRY TO COMPLY WITH CHEMICOKE REQUEST BUT, AS IT TURNED
OUT, COULD NOT.

2. APPALACHIAN, ACCORDING TO BLACK, WANTS TO DO BUSINESS
WITH EGYPT. THEY DO NOT WANT TO TAKE MATTER TO ARBITRATION
AS PROVIDED FOR IN CONTRACT. HOWEVER, IF MATTER NOT
RESOLVED SOON, APPALACHIAN WILL NOT BE ALLOWED TO BID ON

NEW CHEMICOKE TENDER SCHEDULED IN FEBRUARY AND WILL HAVE NO CHOICE BUT TO TAKE CASE TO ARBITRATION.

3. APPALACHIAN HAS GIVEN LETTER TO EGYPTIAN AMBASSADOR GHORBAL AND DISCUSSED CASE WITH HIM. ACCORDING TO BLACK, GHORBAL WAS SYMPATHETIC AND SENT LETTER TO FONOFF. BLACK IS CONVINCED THAT ONLY EFFECTIVE ACTION IS FOR EMBASSY TO RAISE ISSUE AT HIGH LEVEL ON BASIS THAT MATTER COULD GO TO ARBITRATION. BLACK IS VERY CONFIDENT THAT APPALACHIAN WOULD WIN AND COSTS TO EGYPT WOULD BE IN EXCESS OF ONE MILLION DOLLARS ASIDE FROM POSSIBLE COMMERCIAL EFFECTS FROM NEED FOR ARBITRATION.

4. IF POSSIBLE, WE WOULD LIKE TO AVOID UNPLEASANT ASPECTS OF ARBITRATION CONSEQUENCES AND KEEP BUSINESS OPPORTUNITY FOR AMERICAN COAL EXPORTER. SUGGEST EMBASSY TRY TO CHECK FACTS RE VESSEL SIZES DELIVERING COAL TO ALEXANDRIA DURING 1975-76 PERIOD. IF FACTS DIFFERENT FROM FARID ACCOUNT, IT MIGHT BE WORTH EFFORT TO TRY FOR MORE AMICABLE SETTLEMENT THAN ARBITRATION. EMBASSY ALSO MAY WISH TO CONFIRM CONTRACTUAL REQUIREMENT THAT CHANGES MUST BE IN WRITING AND ASK FARID FOR EVIDENCE THAT APPALACHIAN SO AGREED TO CHANGE LETTER OF CREDIT. BLACK SPECIFICALLY ASKS THAT MATTER BE BROUGHT TO ATTENTION OF AMBASSADOR.

5. DEPARTMENT POUCHING COPIES OF APPALACHIAN LETTERS BUT HOPES THAT SOME ACTION MAY BE POSSIBLE TO ALLOW APPALACHIAN OPPORTUNITY TO BID ON NEW TENDER.

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KISSINGER

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Message Attributes

Automatic Decaptoning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 04-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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